

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 58137

CITY OF CHEWELAH

Stevens County, Washington

January 1, 1994 Through December 31, 1995

Issue Date: April 4, 1997

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CITY OF CHEWELAH
Stevens County, Washington
January 1, 1994 Through December 31, 1995

**Independent Auditor's Report On Compliance With Laws And Regulations
At The Financial Statement Level (Plus Additional State Compliance
Requirements Per RCW 43.09.260)**

Mayor and City Council
City of Chewelah
Chewelah, Washington

We have audited the financial statements, as listed in the table of contents, of the City of Chewelah, Stevens County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, and have issued our report thereon dated December 19, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Chewelah is the responsibility of the city's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the city's compliance with certain provisions of laws, regulations, contracts, and grants.

We also performed additional tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the city complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. Our responsibility is to examine, on a test basis, evidence about the city's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the city and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of management and the mayor and city council and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag, CGFM
State Auditor

December 19, 1996

CITY OF CHEWELAH
Stevens County, Washington
January 1, 1994 Through December 31, 1995

**Independent Auditor's Report On Financial Statements And Additional
Information**

Mayor and City Council
City of Chewelah
Chewelah, Washington

We have audited the accompanying financial statements of the individual funds of the City of Chewelah, Stevens County, Washington, as of and for the fiscal years ended December 31, 1995 and 1994, as listed in the table of contents. These financial statements are the responsibility of the city's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the city prepares the financial statements for its electric utility on the basis of accounting prescribed in the *Uniform System of Accounts for Class A and B Water Utilities* and the *Uniform System of Accounts Prescribed for Public Utilities and Licensees*. These bases conform to generally accepted accounting principles applicable to proprietary funds of local governments.

As described in Note 1 to the financial statements, the city prepares its financial statements for the remaining funds on the basis of accounting prescribed by Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor. This prescribed basis of accounting is a basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Chewelah, at December 31, 1995 and 1994, and the results of operations and cash flows for the Electric Fund for the years then ended in accordance with generally accepted accounting principles. For the remaining funds, in our opinion, the financial statements present fairly the recognized revenues and expenditures of the funds of the City of Chewelah, as of and for the fiscal years ended December 31, 1995 and 1994, on the basis of accounting prescribed by the BARS manual.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Long-Term Debt and the Schedules of State Financial

Assistance are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Brian Sonntag, CGFM
State Auditor

December 19, 1996

CITY OF CHEWELAH
Stevens County, Washington
January 1, 1994 Through December 31, 1995

Status Of Prior Findings

The finding contained in the prior audit report was resolved as follows:

1. The City Should Comply With Bid Laws And Prevailing Wage Requirements For All Public Works Projects

Resolution: The city implemented procedures to review bids. We reviewed the 11 bid files and supporting documentation. Our testing of the bid files disclosed no deficiencies. This finding will not be repeated.